

**WASHINGTON STATE
GAMBLING COMMISSION MEETING
STRATEGIC DISCUSSION
FRIDAY, JANUARY 17, 2014
APPROVED MINUTES**

PUBLIC MEETING

Chairman Mike Amos called the Gambling Commission meeting to order at 10:03 a.m. at the Tumwater Comfort Inn and introduced the members present.

MEMBERS PRESENT: **Commissioner Mike Amos**, Selah
 Commissioner Kelsey Gray, Seattle
 Commissioner Chris Stearns, Auburn
 Commissioner Geoff Simpson, Issaquah

STAFF: **David Trujillo**, Director
 Mark Harris, Assistant Director – Field Operations
 Tina Griffin, Assistant Director – Licensing Operations
 Julie Lies, Assistant Director – Tribal & Technical Gambling
 Amy Hunter, Administrator – Communications & Legal
 Callie Castillo, Assistant Attorney General
 Michelle Rancour, Acting Executive Assistant

Welcome

The meeting was called to order and the floor handed to Commissioner Gray. He turned the meeting over to Commissioner Gray.

1. Strategic Discussion

Commissioner Kelsey Gray began by saying that she would share what she would like to do today and discuss whether this is what the Commission wants to do today, and what the Commission would like to add. She thought to first go over the work that was done last time and see if the Commissioners can come to some conclusions, especially conclusions having to do with the next decisions about the plan for the technology discussion and then working with the legislature and problem gambling. She suggested going over the notes, and either reaffirming, changing, adding, so to begin to develop a plan that can be put into action items.

Then take the next three questions; conducting the business of the Gambling Commission, the legislative reports and the technical assistance. She asked if there are any additional topics that should be added or discussed.

Commissioner Chris Stearns remembered that we talked a little about the fiscal health of the agency. It seems the last few months that there has been this nebulous borderline area talking about fee increases, but at the same time talking about being able to do the job. How can the fiscal health be improved?

Commissioner Gray stated there are two sheets of paper, one that Ms. Hunter wrote for the legislators and a second piece in your book that just says draft October 9th. Those are Commissioner Gray's notes based upon that discussion. Amy massaged them so that they were acceptable to legislators. Ms. Hunter was asked who she gave those to.

Ms. Amy Hunter said she had passed those on to two of the Commission's ex-officios, Representative Hurst and to Senator Hewitt, the two who were not able to be at the October meeting. At the time Representative Chandler had not been appointed.

Commissioner Gray asked if Ms. Hunter got any feedback from anybody.

Ms. Hunter replied there was no feedback.

Commissioner Gray suggested going through some of what was done, and then begin to talk about the new topics. In starting with the October draft one, that's a little more succinct in the sense that it has bullets and things like that on it. The next thing would be if any decisions or recommendations are made, they are given to Dave. Dave has some notes that he took in October, and combined, creates a to do list for staff and for the Commissioners based upon discussion. Either next month or the month after, depending on workload, some final decisions can be made. In recapping the process, first reaffirm what has been done, then make any changes, talk about the next subjects, and then it goes to Dave. Dave and Commissioner Gray will put together the to do list and bring it back to the Commissioners.

Commissioner Gray asked if that sounded reasonable.

Chair Amos agreed.

Commissioner Gray recalled the last discussion had to do with technology. There was an idea to work with staff to look at the impacts of online gambling. After yesterday's session it is clear that online gambling is working its way through the other states. It has not been in Washington. The Commission asked to look at the economic impacts, the impacts on problem gambling, and look at how to capture, retain and track revenue. There was some discussion about public opinion; if moving forward to go ahead and examine online gambling, to somehow access public opinion to find out what the public's thinking about gambling, especially online gambling.

Staff has begun to look at this, to get an understanding of some of the intra- and interstate Compacts that are going on with other states so that Washington, would be prepared for that; identify the pros and cons; and enforcement and regulation.

Then again, the public opinion both involving the public, involving the Tribes, and involving licensees. There would need to be some kind of an outreach discussion with clientele. To connect with those the agency works with on a day-to-day basis.

There is another piece. This came from a licensee, and it really had to do with looking at technology. Technology is upon us. Some of the gambling within the State is still back with paper pull-tabs, for example. Perhaps taking a look at the technology and get some report back on where technology is going and what to expect in technology in the future.

The Commission talked about recommending a strategy for the State, and whether that be a strategy to go ahead with online gambling, or whether that just be a strategy to examine the pros and cons and look at online gambling. But as a Commission, we talked about developing a strategy for doing that. And we probably need to spend a little more time on that.

The Commission had agreed a timeline is needed. There were two initiatives that most likely aren't going anywhere this session, but we still need a timeframe for examining this.

Commissioner Gray said those are the topics. She asked if there are other things around technology that should be addressed.

Commissioner Stearns shared that he was at a Tribal Gaming Summit in December and there was one guy, actually a couple outfits. Tribal Internet Gaming Alliance, and Tioga, or iTioga, which is different. But they're both, more or less, pitching the same thing, which is that Indian tribes can do internet gaming within their own borders.

Commissioner Gray asked if it was meant within all Tribal borders.

Commissioner Stearns clarified that no, within their own Tribe's border. If it was Class III, then they need to change their Compact. But if it's Class II, if it's online bingo or online poker, one of the presenters argued that they already have that authority with NIGC. They wouldn't even need to get additional authority. So they were actually trying to sign people up yesterday to join this Tribal Internet Gaming Alliance and begin offering online games within the reservations. Commissioner Stearns didn't think anyone in Washington is jumping on board with that, but it's possible.

Commissioner Stearns continued that in terms of the timing, we're not just looking at Washington as a whole passing an internet gaming law, we're looking at the possibility of a Tribe or Tribes doing it this year. And that's something.

Commissioner Gray stated that for example the Tulalips, they could put together intranet gaming, but it would just be on the reservation.

Commissioner Stearns agreed that was correct.

Commissioner Gray asked if she could, in Seattle, tap into that?

Commissioner Stearns explained no, it's the same technology as the existing states that have it, the geospatial restrictions and they're pretty tough. Commissioner Stearns was listening to some guy actually pitching it, so he's going to say it's like foolproof, but there may be some issues. But they have a way to actually set up the system so it can be doable.

Commissioner Gray clarified that it would be on the reservation.

Commissioner Stearns confirmed it would be on the Tulalip reservation. He also explained that it's just an example. And they have an existing game that they would modify. So in terms of development of software and all that stuff, that would naturally sort of put things out further. But in theory, if Tulalip was to join this, they could tap into the Lake Torch game, whatever that's called.

Commissioner Stearns stated he was just throwing that out there as something which could move quicker than maybe the Commission had thought of.

Executive Director David Trujillo added that since this will be memorialized in writing, Tulalip is just an example of a Washington Tribe. They've not expressed any desire or anything like that.

Commissioner Gray agreed.

Commissioner Stearns also agreed and stated that as far as he knows, no one in Washington has said "We're on board" yet.

Commissioner Gray asked what would be the advantage of that if they were limited to just on the reservation?

Commissioner Stearns wasn't sure what the actual advantage is and stated the reality is it doesn't appear a lot of people have signed up. The effort for the presenter at the meeting in December, they're based out of Lac du Flambeau, which is in Wisconsin. And so they've got this Alliance that they're pitching that's based in Wisconsin, Minnesota, Michigan, maybe Iowa. At least those three Great Lake States. And it's really for Tribes that are more or less remote.

They're saying that if you join the Alliance, customers in one reservation can interact with customers in another and connect.

Commissioner Gray: Reservations throughout the nation could join together.

Commissioner Stearns confirmed that is correct and shared that they're trying to solve the liquidity problem, which is just having enough people to make money. It seems it is really being pitched at Tribes that are remote where a brick-and-mortar casino might not really be the biggest draw they have.

Commissioner Stearns went on saying Tulalip was mentioned. If they're going to do anything, they might do it on their end, but they probably wouldn't fall into this particular model.

Commissioner Gray agreed, stating they have their own brick-and-mortar which is good and doing fine.

Commissioner Stearns shared that in theory, the way it was being presented is that a Tribe like Tulalip could jump on board right away.

Director Trujillo stated he will just add one final note to that which is that it is a topic that generates a lot of interest, just because of the topic itself. However once leaders look beyond just the general interest of the topic, there are a lot of other potential political issues associated with it. So how successful that is, or how successful their pitch is, or how successful it ultimately becomes remains to be seen.

Commissioner Stearns shared they still haven't nailed down an agreement with the National Indian Gaming Commission. And the Obama administration hasn't weighed in yet.

Commissioner Gray expressed that a lot this has to do with staff work that they would bring back to the Commissioners for discussion; things like looking at the impacts of online gambling, economic, problem gambling, retaining revenue, things like that; setting up, and talking about, and deciding on how to access public opinion. Commissioner Gray shared that she has no idea what the Tribes think about internet gambling, and doesn't have a clue as to whether they would be opposed to that, or is it something that they're interested in. It's the same way with house-banked card rooms. Is this something the Commissioners want to ask some questions about?

Commissioner Stearns expressed that he thinks we have to. Maybe it's not moving here, but it's moving in California. A lot of Tribes are just waiting to see what happens, but they're all watching California. The Tribes are going to reintroduce the two Bills in February in the legislature. The Tribes there, don't know what's going to happen; what the effect would be on the brick-and-mortar casinos. The Tribes there have a lot of clout, so they actually can kind of direct the whole political scene in California on this. The Tribes are taking a cautious approach and seem to all be rallying around online poker.

Commissioner Stearns went on to say that if something is going to happen in 2015, it would be a move to online poker in California. That's huge. What happened with the Tribal Gaming proposition in California was in large part driven by the fact that they seemed to be saying "Wow, all of our money in California is going across the border to Nevada, what can we do?" As the pitch says,

economic development, economic sovereignty. It may be part of what's going on is that people in California see they've got internet gaming in Nevada. It seems like there is support for it. Overall it's just how will that work. It's Commissioner Stearns opinion that's where a lot of other Tribes are at; they want to see how California plays out.

Director Trujillo clarified with Commissioner Stearns, that he was talking about two Bills that would be reintroduced into the California legislature, and not the two Bills that we referred to earlier for Washington?

Commissioner Stearns said that's correct. The initiatives are dead, right, more or less.

Ms. Hunter confirmed that they seem to be.

Commissioner Stearns shared there were petitions being gathered, and he didn't think they're gathering them anymore, and then there are two Bills in Washington. And those are not moving. But in California there were two Bills that died because of the parliamentary rules. But they're being reintroduced in California in February.

Commissioner Gray asked if there were any ideas about how to access information from both licensees and Tribes about their thoughts on internet gambling and public opinion, how to go about doing that? Is that something the Commission does? Is that something the staff does? Is that something the legislature does?

Commissioner Simpson stated there are lots of tools available to set up online polls. The Commission has the mailing lists. A poll could be put and see what people are thinking. It doesn't have to be necessarily a poll, just kind of a survey.

Commissioner Stearns asked if we have we done surveys in the past?

Assistant Director Tina Griffin replied yes.

Commissioner Stearns asked if they are expensive.

Assistant Director Griffin stated she was talking about online surveys, very simplistic. Ask a few questions, yes/no/comment that sort of thing. The agency did a Monkey survey in 2010 when the agency was looking to revamp the whole license fee structure. Mark asked a couple questions when the agency was thinking about going forward with agency request legislation, because that's part of the package that is put together for the Governor's request legislation. So yes, the agency has done it.

Commissioner Gray commented that she had done surveys for years. The most important thing about a survey is it does three things. First thing a survey does is inform. Educate and inform whoever it is that is being asked the question. For example, internet gambling is in x, y, z states and there's two initiatives in California. We in Washington want to know what people are thinking about, as an

introduction, and then a question. The question that is asked becomes vitally important because the answer is based on the question asked. Can that be done?

Director Trujillo replied that he thinks we can. But at the same time the Commission wants to be careful so that it doesn't appear to the legislature that we're out there soliciting, or advocating, or what have you. After the legislative session, our ex-officios can be asked for guidance on how to do this. This is something that's going to continue to rise again and again. They will look to the Commission for a pro-active approach, at least on how to provide them with information so they can make a good decision.

But without feedback from the ex-officios or input on the creation of an online survey, we're probably treading in a problematic area, because it may be interpreted that we have a position one way or the other.

Commissioner Gray confirmed the Commission needs to be sure to write this up as an idea. The Commission would like advice and consultation from ex-officios before undertaking this. This would probably take place in April, after the legislative session.

Ms. Hunter addressed Commissioner Gray, saying she realized that the March meeting was moved back a week. She was thinking that there was a conflict, it is likely legislators may have plans to not be doing things the week after, but at least the meetings are no longer at the exact same time.

Ms. Hunter added that the agency has done public opinion surveys in the past by working with Washington State University by entering into an inter-agency agreement. **Ms. Hunter** expressed that she doesn't know much about surveys, except for a class that she had taken which echoes exactly what Commissioner Gray had said previously; that it really is how you ask the question. One thing that could occur if using an online tool is that people, like the organizations that are pushing this, sending out a blast to their members, to go on the Gambling Commission's poll and say that they love it. All of a sudden the feedback we receive may or may not be accurate information. That's the only thing that that would cause hesitation with staff doing it. The agency doesn't have anyone on staff who is an expert in this area who could say this is the right way to ask the question.

Assistant Director Griffin suggested tying the survey to "My Account" so that potentially when somebody answers the question then it would track if they are a licensee, what class they are, what license they hold, and this is the information they have. That is not to drill down to identify them, but it does potentially address the situation. "My Account" is open to anybody, but in order to get into it you have to log-in in some capacity.

Commissioner Gray commented that this would let the Commission know what licensees think, what Tribes think. She suggests not asking questions such as are you in favor of, or are you opposed. Ask questions about what issues need to be addressed.

Ms. Hunter agreed.

Assistant Director Griffin asked Ms. Hunter if the public opinion survey asked any questions regarding internet gambling.

Ms. Hunter stated she was sure it did. She was sure there were not many responses in that area. She offered to pull that information together.

Assistant Director Griffin stated that was just a few years ago. She asked Ms. Hunter what the survey cost the agency.

Ms. Hunter replied that as far as surveys go it was actually pretty reasonable. She recalled it being in the \$25,000 range. The agency did a survey in '06 and then in '11, and the rate did not increase. She will double-check the rate. \$25,000 can sound like a big amount, but for surveys it's not much at all.

Commissioner Gray commented that the idea of tying it to "My Account" would really get to the clientele that the Commission has.

Commissioner Gray asked if the Commissioners want to continue to find out about other states and ask staff to continue to follow and give report on what's good, what's working, what's not. She asked if someone will be going to the Global Gaming Expo this spring.

Director Trujillo replied yes, and based upon prior strategic topic discussions, and based upon feedback from yesterday, the agency will be keeping an eye out on how the states are deploying particular forms of online gaming and how it seems to be impacting their state and neighboring states. This will be done as statistics are available.

Commissioner Gray requested staff talk with our ex-officios to see if that's an appropriate role for this Commission, or is something else better.

Commissioner Stearns asked if we would work with the Governor's staff on this too.

Director Trujillo believes the Commission should check in with the Governor's office just to take into consideration any feedback that they may have. The Governor's voice would carry some weight in this matter as well. Not checking in would be a big mistake. In addition to checking in with the Governor's office, check with tribal leaders, along with leaders in the industry, along with everybody else that the agency can.

Commissioner Stearns thanked Director Trujillo for the information.

Commissioner Gray asked if there were any other topic areas, or items that should be addressed in terms of. The discussion focused on internet gambling, what about pull-tabs and electronic things. Paper pull-tabs versus electronic pull-tabs. The Commission hasn't talked about the aspect of gaming and where that's going.

Commissioner Stearns asked what are the barriers? Why are there not more electronic pull-tabs?

Director Trujillo responded by stating that generally speaking, it's grounded in RCW or law, which was written back in 1973. There have been some modifications since, but really it was for a paper-based gambling activity. It would take legislative change in some of those areas to move it beyond that. At this point there really hasn't been a lot of successful movement to move it beyond the paper realm at this point.

Commissioner Gray asked if there are particular legislators that would like to see that move or if it is a dead issue?

Director Trujillo did not know the answer to that.

Commissioner Simpson stated that there is a wide variety of opinions among the legislature about what would be good and what wouldn't. When there have been proposals before the legislature to change the face of gambling in Washington, some people liked it and some people were violently opposed to it.

Ms. Hunter agreed. Even as members have changed over the years, the two ends of the spectrum really haven't. The issue is not a party issue, it's just more of what do the people think of the issue. This conversation is a little bit reminiscent of the Senate work session that was on Wednesday where the Senate did hear from the charitable organizations who expressed the same thing. Bingo was largely saying that it was in 1973 also, so it's not limited just to pull-tabs.

Dave is probably being generous when he says that the attempts have been unsuccessful.

Ms. Hunter continued by saying that many times the Bills don't even get a hearing, or make it out of committee. The agency has looked at all the different machine gambling Bills that have been introduced and initiatives, so all that information pretty readily available. But all it really shows is that it's been unsuccessful. The Commission many years ago voted in support of a bingo Bill that had been introduced, which was a pretty bold move at the time. It would have only helped the charities and that Bill never got a hearing either.

Commissioner Gray recapped that staff will put together a to do list based upon the technology discussion, and that the staff will also talk with the Commission's ex-officio members about the development of a strategic plan, and what might go into that having to do with technology. Also, staff will look into a questionnaire, either online, "My Account", or an open session with the Commission, inviting people to comment on technology.

Commissioner Gray asked if there were any other things. There was no reply.

2. Strategic Discussion

Commissioner Gray stated that in working with the legislature; she thinks one of the suggestions was a one page briefing, which the Commission should have.

Ms. Hunter said she brought a couple of things. One was a long version of our brochure; and then the one-page that dealt specifically with the agency request for authorization for a fee increase. She distributed the documents. She recalled that Senator Prentice had brought that up.

Commissioner Gray agreed that Senator Prentice had brought that up as a way to access the legislators so that they're familiar with the role of the Gambling Commission, what the agency does, and how things get done.

Along with that was a suggestion that to speak to the Senate Commerce and Labor Committee and the House Government Accountability and Oversight Committee. She asked if Ms. Hunter does briefings.

Ms. Hunter replied that if we're invited we go. And then the other thing is to go to new House Committee members and see if they are interested in any information.

The Senate Committee is actually people with a lot of knowledge about gambling. That committee in particular has a lot of good information. But they're dealing with so many issues that things change too.

Ms. Hunter continued that regarding the one-page handout, usually once during the interim, if not twice, an electronic newsletter is sent out to legislators. For the next meeting, the Commission packets could include tools being used to be reviewed and provide feedback.

Director Trujillo: There was also a little bit of interest expressed at Wednesday's committee meeting about coming back and talking a little bit about what is being discussed here today.

Commissioner Gray asked if it would be helpful to have a strategic issues discussion page; these are the four things that that are being discussed, and go back to the Committee and show them the four things and let them know the Commission would like to have their input on those being considered.

Director Trujillo replied yes, in the presentation there is a slide that talked about upcoming issues. There were four issues and one had to do with technology, one had to do with the continual increase in illegal gaming, and then social gaming and how the lines between social gaming and gambling are becoming blurred when it comes to consider. The fourth was internet gaming.

Commissioner Gray responded so that the Committee has an idea of the kinds of things that are being worked on. But having a piece would be beneficial.

Director Trujillo replied that there was not much more detail than what had already been shared.

Commissioner Stearns: You know, we had talked in Spokane about the idea of taking a guided tour. Just to educate ourselves about our stakeholders.

Director Trujillo stated that the tribes have always been very receptive to visitors, along with the house-banked card room operators as well. Both of those groups like to share their operations and show what they've done.

Ms. Hunter commented that what she thought Senator Prentice was referring to when she had been the Chair of the Commerce and Labor Committee, they had gone around the State. Usually once a year with new legislative staff tour is organized and a class on Gambling 101 is presented. Pull-tab operators would be happy to have you see their business; bingo manufacturers -- those will all give you a different side.

Commissioner Gray asked if it would be possible to tie a tour with a Commission meeting and have the Commission meeting one day and then the second day go and see three or four sites.

Director Trujillo commented at what point does a tour like that become a public meeting, in which case everything needs to be captured under the minutes .

AAG Callie Castillo stated that because it would be Commission business, it would fall under the Open Public Meeting Act all the compliance rules would have to be followed. She would have to look into it further, depending on whether it was deemed that the Commission was taken any sort of action from it.

Commissioner Gray asked AAG Castillo to look that up and find out if it could be a tour with no action. Fact finding.

The second piece of the legislature discussion had to do with finding ways to communicate with the legislature, is the Commission effective; do we need to do more; the check and balance system; discussion on that. Does the agency have enough contact with our legislators, whether more contact; is needed.

Chair Amos stated that he thinks the contact that the staff has with the legislature would suffice, unless there's some more questions that even the ex-officios might have regarding some of the issues that the Commission has been involved with. There are some things that will be forthcoming on the technology side that is way ahead this agency. Listening to Commissioner Stearns talk about some of the things that happened in the Indian gaming, some of the reservations are miniscule compared to the Yakama's whose reservation is 1.2 million acres.

Chair Amos asked what the Lummi's have. Some of these smaller Tribes are going to have some real concerns and some real problems. But the technology is there and it's coming. This agency is going to end up right in the middle of it.

When talking about the legislature, there are some legislators that are deathly against any type of gambling, period. When asked, Chair Amos says he is part of the Gambling Commission and is in town for a meeting. The response is something like;are you kidding me? Gambling? You know, we don't want that in here. His response is something like; well maybe you don't, but look at nationwide what's happening. It is coming. So we might as well get ready and set the door either open or closed.

But those people are talking to close it.

Commissioner Gray stated that moves the Commissioners to the complex fee structure that's been in place for so many years. What does the Commission do financially with it? Where is the Commission going? Another card room closed this month, but it may reopen. The total is down to 52 card rooms.

Assistant Director Griffin explained that when a card room closes, if it has been open and operating for more than a year, the fees can be paid in two payments. The other piece of it would be that entity only paid half of the fee. Some that close don't pay the other half of the fee. There were some that closed earlier in the year that didn't pay the rest of the fee. Those card rooms are not on the list any more.

Director Trujillo added that in addition to that, there are licensed employees associated with each facility. Once that facility closes, those employees may or may not transfer. One of the things being heard by staff is when a two-part payment plan licensee closes and doesn't pay that second half, that it's not fair to the licensees who do pay the full year up front. The agency is a pay as you go operation, and many licensees view it as not fair. At the same time, those license fees are fairly expensive, and so it is problematic for some to pay that full year up front, which is the origin of the two-part payment plan.

Commissioner Gray asked if the card rooms make money.

Commissioner Simpson responded that some do.

Commissioner Gray asked if they are lucrative businesses.

Chair Amos responded that according to the handout given at the November meeting, it showed that some of card rooms are all the way up to \$2 million, and some of them are down to \$100,000 in the hole.

Commissioner Simpson stated that he thinks there are a lot of variables; location, the quality of the facility. Do they have good food. There's probably a million variables as to whether or not a card room is profitable.

Commissioner Gray asked what the future of house-banked card rooms is.

Commissioner Stearns asked if there is an economic study in the State of card rooms?

Ms. Hunter mentioned that the RGA had done one. She asked Ms. Chiechi when that was done.

Ms. Dolores Chiechi replied that it was about four years ago.

Ms. Hunter commented that the Commission has not done a study of that type.

Commissioner Stearns said he was trying to figure out what some of the trends are and where will card rooms be in five years. Where do the employees go; do they drop out of the market; do they move to other casinos; where do the customers go; do they just go to another casino or do they stop gambling; are they going to start internet gambling if that happens.

Director Trujillo shared that if the Commissioners were interested in some real time feedback, Ms. Chiechi might be able to some information.

Commissioner Gray suggested having Ms. Chiechi come back at another meeting with some information.

Ms. Chiechi replied that she would be happy to.

Commissioner Gray commented on the discussion about where will the Commission be in five years -- the Gambling Commission could be out of business if the house-banked card rooms are gone.

Commissioner Stearns agreed.

Director Trujillo stated that what was being discussed right now and getting back to the agency's funding source, there are really three primary missions under the RCW, and then a fourth when adding in the Compacts. First is the mission, which is to regulate and enforce licensed activities. The licensees pay the license fee, and the license fee was to cover the umbrella of operation. That operation includes oversight of unlicensed but authorized activities, for which no license fees are received. But agency staff answers questions, and responds to complaints and such.

The third area, is an increasing area, because complaints in 2013 were greater than complaints in 2012, which were greater than complaints in 2011. It's the area of illegal gambling. That area is growing. There are no license fees associated with illegal gambling. But every time an illegal operation is closed, it pushes people back into the licensed and authorized gambling arena. So the licensed establishments benefit.

The fourth component is the agency's relationship with the Tribes. But the operating funds for the umbrella statewide generally comes from licensees. With a declining licensee base with a mission that really hasn't changed and is growing in some areas, what does the agency do? And that's part of the question the Commission was asking earlier about fiscal or financial health.

Commissioner Stearns clarified that a good chunk of the agency's business focuses on illegal gambling, the agency doesn't receive money for, and that is growing.

Director Trujillo confirmed that as correct, unless the agency is involved in a form of seizure of cash. But generally speaking, that's not the motivation behind it. It's to stop that illegal activity.

Commissioner Stearns asked what was the public policy reason for that?

Director Trujillo stated that he couldn't really speak to the public policy. He can share with the Commissioners his interpretation of how the Gambling Commission has operated over the years, and it's really to be low profile. If the agency partners with another agency, the other agency is given the credit. If we partner with another agency, it may be in an assist role. Even if the agency is the primary, the agency gives the other agency credit for being the primary.

Director Trujillo went on to say that over the years that seemed to work. As time goes on, people assume that because they haven't heard of things, that gambling is not a problem in our State because Washington's approach has been very deliberate, methodical and well thought out. Over the years, authorized gambling and wagers spent in authorized gambling arenas have continued to grow at a pretty significant rate. That's in part to how the Gambling Commission is operated regulatory-wise, and licensing-wise. But because the agency has done an excellent job of masking these accomplishments, generally people don't know.

Commissioner Gray asked if Director Trujillo is suggesting that the Gambling Commission take a more upfront role.

Director Trujillo shared that he thought one of the major focuses this year is unmasking the agency's accomplishments so that people see what has been done, and what has been done over the years. In looking beyond the boundaries of Washington, there's a lot of stuff that's happening out there. But things have not been as well thought out as Washington.

Ms. Hunter commented that the one thing she would like to add to the question about criminal activities and enforcement, when the Statute was created in 1973, the State chose not to have a gambling tax, other than the B&O tax. There is a business and occupation tax that is paid by licensees. Because of the scandals that had gone on in Seattle in the '60s and '70s. That was seen as a way to create a State agency, but not have the State relying on those gambling taxes.

Instead the authority to tax gambling was given to the local jurisdiction. The local jurisdictions, the cities and counties, do tax gambling. The way the Statute was worded at the time -- it's been changed slightly -- was that that was to be used basically for law enforcement purposes. The idea was to allow this activity. If there's crime, the cities and counties will get that tax and will be able to pay for it. That Statute was changed probably three or four years ago to make it so that it can go for public safety purposes. So it's a broader purpose than just law enforcement purposes. It was challenged in a case that went to the Court of Appeals several years ago to see how much the city really had to say we are

using this for gambling. The Court said the city doesn't have to have it that narrowed down; the money can go into the general coffers and everything is fine. But a nonprofit organization had challenged that because it was felt that the jurisdiction wasn't using those taxes just for law enforcement purposes.

Ms. Hunter said it's worth having that history so people know it. It's interesting when there are new people in the legislature, and new staff, and people are astonished to find out there is not a State gambling tax.

Commissioner Stearns said it sounds like the model is a little bit outdated. More enforcement is being done, but with funding that's coming from a different source. That's an economic question; is the agency operating under budget; are they going to lose more money? If this trend continues, the agency will have less and less. That's really not getting at the source, it raises the question is there a problem and if so, how big is it. And should the legislature decide something be done about it, but at least put our finger on the problem.

Commissioner Gray asked that if the Commission knows what the trends are, and if the trends continue, where is the agency in five years? Can the Agency afford to do enforcement, which is one of the primary roles of the Commission? The discussion needs to go on because there may be a need to look for different revenue. It seems that licensees that are legal are asked to fund the stoppage of illegal gambling.

Director Trujillo stated it was a fair assessment. The program was set up so licensees pay for the regulation of activities, and for the enforcement of illegal activities, or the stoppage of illegal activities.

The agency analyzes licensing trends annually. That will take place fairly soon. Those licensing trends do go into our future budget projections as well. The Commission will be here in five years.

Director Trujillo continued that what the agency is looking at is the decrease in licensees based upon projected trends, and then what does that do to staff in connection with the overall mandate, or overall mission. That's why this is such a good topic of discussion.

Commissioner Gray commented that it ties directly to the technology, there may be some access to revenue if we move into more of the technological age. There may be some options that aren't being seen. Staff could continue to look at the trends and share those trends with the Commission, and have another discussion as to what that means. And also asking Ms. Chiechi to come in and give a sense of where the licensees are and what the projections are for that. With that data, the Commission can begin to look at the fiscal health of the agency and where it's going in five years.

Director Trujillo said that in preparation for these annual trend analyses, Assistant Director Harris' staff goes out and speaks individually with various segments of the industry; pull-tab operators, bingo

operators, house-banked card rooms. He stated that the Tribes have to be at the table for any sort of discussion that is had.

Commissioner Stearns clarified that he meant more in terms of the agency's health. The sense is that the Tribes were to keep on doing what they're doing – the agency is just not increasing revenues.

Director Trujillo stated that former Director Day made a commitment to the Tribes that the agency would not continue to increase staff in that area, and in fact there have not been any increases. When it comes to Assistant Director Lies and her staff being out there with the Tribal gaming operations that are open, less time is spent at each facility, which works out under the Compact the right way, as they are the primary regulator on site.

Commissioner Gray asked what else needed to be within the strategic action plan having to do with fiscal health.

Commissioner Stearns said just what has been discussed, the nature of gaming. Is there an increase in illegal activity, is there more work to do, is there less work to do, more employees, less employees.

Commissioner Gray asked for any other comments about that particular topic? If the Commission goes ahead with "My Account" or a public opinion survey, there should also be a question having to do with the future of gaming and paying for enforcement.

Commissioner Stearns agreed and added looking at the increase in social gaming and the lines being blurred.

Director Trujillo added that this is another area where staff answers a lot of questions; is social gaming gambling. To answer that question is not easy and it does take some man-hours to get in there and pull the veil back, so to speak, to be able to answer the question in a well thought out manner. But failure to respond to that area could open the landscape in a way that's definitely not intended by the legislature, and definitely not in a way that the Commission has the ability to do.

Commissioner Gray asked what the difference is between gambling and social gaming? During social gaming money is exchanged.

Director Trujillo answered by saying sometimes. Social gaming itself has a definition, and that definition has to deal with going online and playing games. The games could be free or pay to join, but the player is not paying any cost. Or there could be a virtual prize. There is so much to it. It means different things to different people. Social gaming could mean going online and playing a shoot 'em up type game with people from different states. Or it could mean going on a treasure hunt and then look for keys to open up a treasure chest. Or it could be virtually anything in this day and age. Because that segment of the industry is -- the internet knows no boundaries. It becomes problematic to answer that question without a well thought out approach.

Commissioner Stearns asked if there any internet cafes in Washington.

Director Trujillo replied that there are internet cafes in Washington. Because internet cafes in other states have become disguised gambling houses, when an internet cafe opens up, agents do go in to see whether or not it's people with online access or if it's a disguised gambling house.

Commissioner Gray recapped that the last suggestion was to look at a new game each month beginning this month with Mini-Baccarat which was very interesting. It is noted to work with ex-officios to get a sense of whether a strategic plan with the four or five items that were being looked at would be appropriate.

A second one is to look at the fiscal health for the next five years; the fiscal health of both the Tribes and licensees, and what is projected for the future. That's tied to the technology piece, and also to continue to have a game a month so that The Commission can learn about gambling.

Commissioner Stearns asserted that it's in there, but also the state of gaming in Washington in five years. If it turns out economists, or researchers find out that there's not going to be much, then it would make sense to match up the agencies fiscal health. On the other hand if it turns out projection is a huge amount of gaming in Washington, then the agency will need help.

Commissioner Simpson said it would be useful useful to have some analysis or calculation of the enforcement activities being done and who is paying for them; taking a look at how much time is spent on Tribal, how much time do is spent on private card rooms, and so forth. To what extent is one subsidizing the other, and how much time is being spend on things that no one is paying for, and is there a way of capturing a new stream of revenue. For example when the Director was talking about people operating shoot 'em up games, that person might spend \$25 to buy a better gun in this online game so to become better at shooting people up and then maybe win a prize. Somebody is making money there.

Commissioner Simpson continued that the Commission has to look at it to make a determination whether or not it is legal, whether it constitutes gambling. Somebody else is paying this Commission to look at that. It is unclear how difficult this is going to be to prepare. Many years ago Commissioner Simpson was on the city council and it was a brand new city council. The council was trying to figure out how to establish fees and a fee structure. Commissioner Simpson's contention was that the fee structure should be established so that the city recovers the costs necessary to issue whatever permit was being issued, or review whatever plans needed to be reviewed. And that one group of people shouldn't necessarily subsidize another group of people. There's a fundamental bit of fairness there. It'd be nice to be able to take a look at those things.

Commissioner Gray asked if that would be possible to get.

Director Trujillo said that it is. Some of it will be fairly easy, and some of it won't. A few years ago the Commission looked at a fee restructure which would cut the number of fees. It was looked at as

revenue neutral so it wouldn't get us more money, and there would be no loss of license fees. However when the number of licensees is cut, in some cases fees will go down, and in other cases fees will go up. Because of that, and because at that time we would have had to go before the legislature for a fee increase, which would have impacted those that would have gone up, it wasn't pursued.

Plus licensees, at the time, were not in favor of that either. The ones that would have been the licensee fee losers were the most vocal about it. To answer your question, staff can get the data and share that. It may not be at the next meeting or the meeting thereafter.

Commissioner Simpson commented that he had toured the Agency. He knows how so much more is being done with less already and loathes assigning any more work. He feels it's important for the Commission to know these things so that they can justify making changes, and who's paying, and figure out stuff that other people are subsidizing.

Commissioner Gray asked staff to write up this material, talk to ex-officios to see if we're on the right track, and then come back in April for a status review. Does that seem reasonable?

Director Trujillo agreed it could be done.

3. Problem Gambling

Commissioner Gray share that the third topic that discussed last time was problem gambling. There weren't many to do action items other than to continue to be updated by the Problem Gambling Advisory Committee and the Evergreen Council on Problem Gambling. To also continue the efforts of the PSAs. She asked if there were additional items that the Commission wanted to do about problem gambling other than to continue the efforts that we're doing today.

Commissioner Stearns replied that he thought it was something to what was just discussed; what is the state of problem gambling. Is problem gambling a problem, and if so, is it getting better or worse. And who are problem gamblers, are kids gambling more. If these are the problems being worked on, at least the Commission is trying to solve the right problems.

Ms. Hunter commented that The Evergreen Council on Problem Gambling was one of the panelists at the Senate Committee. A very good PowerPoint was presented with different information. Ms. Greeley from The Evergreen Council on Problem Gambling will be coming to make a presentation at your March meeting. Ms. Greeley is the President of the national committee. So there's access to a lot of information. Several different ideas have been discussed and part of it will just depend on how long the Commission wants to devote to this. Do you want to have every March be an hour update on what's going on, or are there other preferences?

Commissioner Gray asked for comments.

Director Trujillo shared that staff had thought to just make problem gambling a regular March topic of discussion.

Commissioner Gray asked if that sounded reasonable.

Commissioner Stearns asked if Washington has a big problem, or are we kind of in the middle?

Ms. Hunter added that most of the statistics haven't changed much over the years. She asked Ms. Chiechi, to correct comments she makes that may not be accurate. One issue there seems to be a lot more information on is about women gambling, which wasn't something that was heard of as much about 15 years ago. As far as funding, Washington is in the bottom one-third for that, which is interesting because Washington was one of the first states to have a Council on Problem Gambling when things started. But where things were 20 years ago is much different than where they are now. The usual numbers run between 3 to 5%, and then there's usually a distinction between problem gambling versus what's called pathological gambling.

Ms. Hunter continued that certainly the internet is an area that the council is interested in and is one of the things that Ms. Greeley and Ms. Hunter talked about presenting to the Commission because it ties in to social gaming and the things that have been talked about here.

Commissioner Gray suggested doing that in March.: Okay. Those are the three topics that were covered last time. Possibly in April the Commission will do the follow-up with some to do action items which will be connected with some information. There are three more topics that were not discussed last time, but that they are on this agenda.

4. Conducting the Business of the Gambling Commission

Commissioner Gray went on to say that the first one has to do with conducting the business of the Gambling Commission. There were four questions under that one. The first question had to do with how to continue to maintain a positive working relationship with the Tribes while still maintaining Tribal sovereignty, entering Compact compliance, and adapting to the changes in industry. Lets go through these topic areas and then go back and talk about each one.

The second one is the State itself, not just the Gambling Commission, looking to be able to make sure that citizens have access to services via their mobile device. It has been said that a basic computer is no longer important, and that a phone is going to be the way of the future. So the State wants to be able to do that. The question is how do to prepare for those mobile devices and how does the Gambling Commission fit into that.

A third question had to do with the Gambling Commission being a public safety agency, and how do does it continue to be an enforcement agency, a public safety agency, without overstepping authority as a Commission and still work as a public safety agency.

Commissioner Gray commented that another interesting one has to do with CPA independent audits. One of the options would be to have house-banked card rooms opt in to an alternative where operators would pay for the Commission staff to look at their financial positions at the end of the year. The card rooms are required to do independent audits, and for some of the smaller house-banked card room, that becomes an expensive endeavor for them. That may be something the Commission could take on for those licensees.

Commissioner Gray said that another question has to do with "My Account" and asked Assistant Director Griffin to give an update "My Account" and how that works toward efficiency.

Commissioner Gray expressed that she had not been able to access "My Account".

Assistant Director Griffin clarified she hadn't

Commissioner Gray confirmed she had not.

Assistant Director Griffin told Commissioner Simpson that his information is ready to go.

Assistant Director Griffin stated Commissioner Gray will have access before leaving today.

Commissioner Gray said these are the questions that come under "Conducting the Business of the Gambling Commission". There may be some other questions too that need to be discussed around the subject; is it being done the way the Commission wants to, are there other suggestions, are there other questions that need to be addressed. It was then opened for general discussion on those questions.

Commissioner Simpson commented that a customer satisfaction survey would be interesting to figure out if there are ways the agency can improve services.

Commissioner Gray suggested it could be both for Tribes and for licensees?

Commissioner Simpson agreed.

Commissioner Gray asked Assistant Director Griffin if that is something that could be addressed through "My Account"?

Assistant Director Griffin replied yes, that is probably something that could be done. A notification could be sent out.

Commissioner Gray asked if it would go to all clientele?

Assistant Director Griffin replied that it would. She also commented that the Tribes have their own accounts as well. Assistant Director Lies has done some customer satisfaction surveys. Assistant Director Griffin asked if Assistant Director Lies checks in periodically with the Tribes.

Assistant Director Lies said it had been a few years.

Assistant Director Griffin commented that those questions are a little bit different. Currently on the agency website there is a customer feedback to give people the opportunity so people can tell the agency if they had a good or bad experience.

Commissioner Gray asked if they answer.

Assistant Director Griffin stated that there isn't a pop-up, it's just available. The customer has to want to provide feedback.

Commissioner Gray asked if feedback is received.

Assistant Director Griffin replied yes it is.

Commissioner Gray asked if it was mostly complaints.

Assistant Director Griffin responded there is sometimes good stuff there too. There are also some opportunities for growth as well.

Commissioner Simpson stated that he thinks that lends itself more to people saying they had a bad experience and want to find somebody to tell about it. He knows the folks that do the day-to-day work do a good job, and it'd be nice to hear feedback about the good things being done, as well as ways to improve.

Director Trujillo shared feedback he received yesterday from the petitioner who was here in regards to the winner's register on the pull-tabs. The petitioner talked at great length to Ms. Hunter and Director Trujillo about how helpful staff are. The petitioner talked about his particular agent, about everybody who he's talked to at headquarters, about the person who helped him with the Rule Petition. And he couldn't say enough and even compared us to another agency in which case the petitioner did not have much positive to say. But it was very nice and positive. It was nice to hear.

Assistant Director Mark Harris stated that his division had done an informal survey for the fee increase and notified people about it. When the agents were out talking to licensees, the agents would ask them how is the agency doing, are there things we could do differently. At the end there was a small summary of all the feedback received as part of that process. That was throughout last year.

Commissioner Gray: said that some of that might be useful -- a little report now and then -- about what the Commission is hearing.

Director Trujillo commented that he thinks the agency has bits and pieces of much of what has been discussed. It hasn't been compiled or put together, which does feed into some of the discussion about unmasking the agencies accomplishments.

Director Trujillo shared that he was talking with a gentleman on the phone and was asked "Are all your people on drugs?" The gentleman went on to say that every person he had spoken to at the agency had been so nice. It was good to hear that.

Commissioner Gray asked Director Trujillo to talk about the future of what the mobile device is going to look like.

Director Trujillo shared that when it comes to that, the State government is recognizing that the future of State services is through this. They're recognizing that a desktop computer is becoming a legacy device, meaning that it may not have much future. So in determining how a future State workforce will provide future services to citizens, the workforce may not be at a desk, or may not be at a home. They could be anywhere accessing State services or State websites or what have you through mobile devices.

So the State itself is acknowledging that and trying to determine a path for that in the future. Those same pressures to be able to access immediately through a mobile device are the same pressures that vendors, and operators, and players are looking to get out of their gambling too. Those technological pressures are coming to bear, with our current fairly conservative State law approach in gambling.

Just even having a discussion about how that could look in a few years will be beneficial to the Commission as staff is directed on how to look at things, as staff looks to the future to see what it is that the agency needs to be aware of, and even to the public to acknowledge the fact that yes they are being heard. Until there's some change, it's going to be status quo for awhile. But looking to see how those impacts are happening beyond the borders of Washington because with the internet, there really is no more State boundaries. All of this occurs anytime, anywhere. And so those impacts are marching their way steadily west state-by-state, and then there may be some movement north through California. That's generally online gaming, but the next step would be online gaming through mobile devices. So what does that look like. Just having a discussion is helpful.

Commissioner Stearns put forth that it is going on right now, in Las Vegas. Guest can take their iPad to the pool.

Director Trujillo replied that he believes so. Although it is limited to within the facility itself.

Commissioner Stearns remarked that within the facility you can game.

Director Trujillo agreed.

Commissioner Stearns went on to say that it made him think of Lummi, for some reason because the definition of brick and mortar is changing.

Director Trujillo commented that would actually clarify or limit that because the definition now really keeps the gaming in the gaming area -- that proposed definition.

Commissioner Stearns stated that with the mobile devices, gaming will be going on in the pool and in the spa.

Director Trujillo said it was possible.

Commissioner Simpson commented that it's hard to predict what's going to happen to some of these things. He went to Nordstrom's recently to get a couple things and there was a big line at check out. Then he remembered that now you can go to any sales associate there and ask to be checked out. They get out their phone and scan your credit card, have you sign with your finger. Your receipt can be emailed to you or they can print it there for you. Two years ago, who would have thought it would be possible?

Commissioner Simpson went on to say it's hard to know what types of things are coming, but they're coming.

Commissioner Gray asked if the Commission would get an edict from the State saying this is the way it's going to be, or are we be involved in the discussion as to how it's going to be.

Director Trujillo said he thinks that is what we want to connect with the ex-officios about. There are two sides of a spectrum. One would be looking at the technology and seeing how it's coming forward and saying that as an agency we can't grasp where we're going to be in five years and just let it roll right on over. Or the Gambling Commission really needs to be at the forefront of how to look at this. And then obviously, everything in between. But it's another area where guidance from the ex-officios is needed. If the Commission doesn't get that guidance and moves forward in an area, it could be contrary to the legislature, or appear to be advocating something unintentionally. The guidance is needed.

Commissioner Gray asked if that could be added to the list for the discussion with the ex-officios.

Commissioner Simpson would like to include this in a discussion about how will this technology make the Commission more efficient and effective at serving the people and conducting our mission. Many years ago in the legislature there was a moratorium on specialty license plates. Ruth Fisher, a long time legislative leader, said these things are costing the State too much money. And one of the surprising cost drivers was that every time a new license plate was issued, they had to bring in these computer programmers that knew this ancient computer programming language to set up a new database for the Department of Licensing. That was a huge cost driver. Every time the Evergreen State College Geoduck license plate was set up, there were maybe 500 of them sold, it would cost the

State \$20,000 to do it. Eventually the legislature got the message and said upgraded to a Windows platform to eliminate that long term cost driver.

Looking at where the agency is now with technology and how in the future can changes to technology make the agency more efficient at delivery to our customers.

Director Trujillo stated that its when it come to delivery of agency services, Assistant Director Griffin's shop with "My Account" is a really good example of that. Much of this delivery of State services from a statewide perspective will come out of the Office of Chief Information Officer and they will provide direction. As that is received it will be shared with the Commissioners.

Commissioner Simpson recalled when it was finally okay to renew a driver's license online. It cut down the lines at the Department of Licensing offices by a huge margin.

Commissioner Gray added it also cut down the number of people that they needed.

Director Trujillo stated that in some respects, technology had made the job easier, and in some respects it hadn't. For example, some of the criminal activity that was proven through evidence what was on a piece of paper. Now digging through forensics it may not be as easy as that. The agency has an internal group that is pretty good at that, but it's also a cost to keep the unit trained. Their work has really done a good job about elevating the recognition of the Washington State Gambling Commission nationally and internationally.

Commissioner Simpson expressed how he was particularly impressed – well, with the entire organization. But when visiting the unit that does the forensics and they talked about how they partner worldwide with other law enforcement agencies and go provide training to them on how to do forensic stuff. The agency has really got some top notch people there.

Director Trujillo agreed.

Commissioner Gray asked Assistant Director Griffin if there were any comments about "My Account" that she could update them about. That's one of the newest efficiencies that the Gambling Commission has undertaken.

Assistant Director Griffin stated that it seems to be working well. The project is on hold now until probably the summer of next year. ITD resources are being used elsewhere. New features are queuing up to be added to "My Account". There are limits on how much can be done due to resources within our agency being used elsewhere.

Assistant Director Griffin expressed being hesitant about moving forward too much with some of the applications that could be putting online until it is determined where the Business License Services' push is going to be. She is hesitant expending a lot of agency resources on developing commercial and non-profit applications and having those go live for a couple years and then in 2017 when BLS

has their new program up and running, having that push go to BLS. So that's something that Director Trujillo and Assistant Director Griffin continue to talk about and make decisions on.

Director Trujillo provided clarification on what Assistant Director Griffin said. The program is up and running. Adding new features based upon feedback, and future ideas are on hold. The Information Technology group is working in some other areas in the agency for establishing similar efficiencies. ITD will return and put Assistant Director Griffin's ideas into reality.

Assistant Director Griffin commented that good feedback has been received from customers about how they renew online.

Commissioner Gray stated going back to the question under Conducting the Business of the Gambling Commission. That question has to do with continuing the positive working relationship with the Tribes while still maintaining sovereignty, ensuring Compact compliance, adapting to changes in the industry and things like that. She would like to have a discussion about the Commissions relationship with the Tribes. She asked Assistant Director Lies if she had any questions for the Commission to discuss.

Assistant Director Lies stated that as a day-to-day working relationship between agency staff and the Tribal Gaming Regulatory Agencies, the overall working relationship is good. The Tribal Gaming Unit is able to work within the parameters of the Compact. Some of the challenges will come in as negotiations come forward, some of the things being discussed like internet gambling, changes in technology, and how that fits within other gambling within Washington State. Some of these are questions for the ex-officios and legislative questions.

But how does the agency continue to maintain that at all levels, not just at staff's level, but also into the Tribal government, the Council level, and the Gaming Commission level. Director Trujillo and Assistant Director Lies go out and meet with Commissions on a regular basis, making sure that is maintained.

Earlier there was a discussion about surveys. Tribal Gaming Unit hasn't done any formal surveys because the return percentage is fairly low, about 13% on the last one we did. Better information is received by just talking face-to-face and being able to work on each Tribe's unique issues or concerns.

Assistant Director Lies shared that she thinks there's also some bigger picture such as how does the Commission work with the Commission's and the Councils. Should this Commission start setting up work sessions with Gaming Commissions to share best practices and those types of things.

Assistant Director Lies expressed that those are the types of things that she's looking at. It's just to continue to evolve that relationship and make sure that all levels have a good working relationship.

Director Trujillo stated one of the things that the Commission should do is to recognize that Tribal gaming has been up and operating since 1992, and it's not the same as it was in 1992. It is a constantly

evolving relationship, and as staff should recognize that and where possible, share that with the Commissioners.

Commissioner Gray asked about the question that Assistant Director Lies raised that the Commission members and some of the Tribal Gambling Commission folks and the discussion that might be had with them.

Commissioner Simpson said he doesn't know if meeting between the two entities on a regular basis would be productive or not. But at some point would like the opportunity to go with Director Trujillo to meet with the Tribes. It might be useful for each of the Commissioners to be able to go and interface in that way, if that's acceptable.

Director Trujillo stated that he thinks that would be well received. It's something that could be done. It would fit in with some of the Commissions own fact finding duties.

Commissioner Stearns commented that everything he has heard from the Tribes is the Commission does a great job. The Tribal gaming sector in Washington is huge, so it is kind of incumbent on the Commissioners to familiarize ourselves with it.

Commissioner Gray asked if it is better for one Commissioner to go along to the different Tribes rather than having a big meeting.

Commissioner Stearns said he thinks the answer is whatever gets the Commissioners more up to speed. If the opportunity is there for to have a meeting and everyone does it, then that would work. If the opportunity is there for to go and travel down to Chehalis or Nisqually, let's do it. But if the opportunity is there and nobody does anything, then it's not going to work

Director Trujillo said that as he and Assistant Director Lies they will let the Commissioners know and if any of the Commissioners can attend, so much the better.

Commissioner Gray stated she would be willing to go. That makes at least four of us would be willing to attend. I don't want to speak on Commissioner Prentice's behalf, but she has indicated that she has spent time with different Tribal entities. It would probably be a good thing for the Commissioners to bring us up to speed so there is more of a sense of what it is that the Tribes are doing.

Commissioner Gray commented that what she has under topics is to continue to be updated on "My Account"; the staff will keep the Commission updated on independent audits. She asked Director Trujillo if he was giving updates on the licensees.

Director Trujillo said that particular item was an example of a different way of doing something. Assistant Director Griffin and Director Trujillo will be meeting with some representatives from the industry to discuss it further. There may be some way to move forward with that. Director Trujillo

will keep the Commissioners informed. If the licensee is a publicly traded company, they have other requirements by the Securities and Exchange Commission to have their independent audits. When it comes to Washington only licensees, there may be some discussion there.

Commissioner Gray recapped that Director Trujillo would keep the Commissioners apprized of the mobile devices and what's being required, what's being looked at, and the Commissioners can ask some of those questions both of licensees and Tribal members. And the Commissioners have all volunteered to go with Assistant Director Lies and Director Trujillo when they go to visit some of the Tribal entities so that the Commission is represented there.

Commissioner Stearns asked if one of the meetings this year is going to be at a Tribal facility.

Director Trujillo stated that generally no.

Commissioner Stearns commented that he thought maybe Northern Quest.

Director Trujillo said choosing one Tribe for a location over another Tribe does become problematic. There have been some problems, and he will just leave it at that, when it comes to the perception that a Commission may be looking at one Tribe differently than another Tribe.

Commissioner Gray asked if there is a way to reach out to the different Tribal facilities and ask if they would like to have a Commission meeting at their facility. It would be nice to meet at a Tribal facility to learn about that facility and what's going on.

Ms. Hunter suggested what might be able to be done, in case there is some sensitivity, would be if there were a meeting in Spokane, to have an optional evening to have dinner at a particular facility, and then be able to go and have an informal tour. The Commissioners have done that in the past. It takes away a little bit of having the meeting right there and that might help with some of the things that Director Trujillo is implying. The Commission used to travel more so those types of opportunities made themselves more available. Sometimes there would be a few Commissioners who would go to a house-banked card room because some of those are available as well.

Commissioner Stearns comment that it sounds great. When he was working for the Committee in Congress on Indian Gambling, meetings were held at Tribal casinos in California, for instance. There was never a problem with that. The Tribes were actually pretty happy to have them there. The sensitivity there was with labor. In terms of the Tribes themselves, they were all very receptive, at least in California. It wasn't like the meeting were at Agua Caliente and Morongo would throw a fit, or Twentynine Palms would throw a fit. That was fine with them.

AAG Castillo commented that this also goes to the Open Public Meetings Act. The sensitivity to Commissions doing any sort of business -- basically all it says is the Commissioners have to take action. Action, unfortunately, includes discussion. So the Commission has to be very sensitive in

taking tours or what is done in the evenings in that not discussing business at the time, or anything that could be perceived as business. The media and other entities have really been focusing on that. The law in Washington is very strict, and has gotten more strict over time.

Commissioner Simpson said he worries about the perception of a regulatory agency utilizing the facilities of someone they regulate to conduct business. It's like the Liquor Control Board having a meeting in a liquor store. Commissioner Simpson would prefer to have the separation. It would be good to visit the facility in a small group, two or less, where there wouldn't be any perception problems. But to actually set up a regular Commission meeting at a casino, there are concerns about the public perception of it.

Commissioner Stearns commented that the value of having the meetings at the facilities were that there were always people, whether it was Committee members or whether it was staff, there were definitely people who were more inclined to go and there were people who were less inclined to go. The people who were more inclined to go tended to know more, and the people who didn't want to go didn't know very much about the people they were overseeing. So having everyone go kind of forced people to get up to speed. And that really was a value.

Commissioner Stearns is going to go, either two-by-two or just one person. But if there are people who really wouldn't necessarily have the time, that's where that comes in.

Commissioner Gray commented that there would be two people who didn't know.

Commissioner Stearns stated that all he is saying is that's a factor, but it's not an over-riding concern. Obviously if there are legal concerns, those would be more paramount.

Commissioner Gray asked if staff could do a little checking about that. There is a mixed reaction among the Commission members as to whether or not there should be a meeting held at a Tribal casino, or a house-banked card room for that matter. She asked to also check how appropriate it would be for to take one or two Commissioners along with to either house-banked card rooms or Tribal casinos.

Director Trujillo: stated that yes, staff can come back with something on the meetings themselves. As far as the visitations, any licensee or Tribal facility would be happy to share their operation with the Commissioners. As Assistant Director Lies and Director Trujillo go out, they will send out the times and dates. If the Commissioners have the availability and inclination to attend, they could do that.

Another thing that is possible is, next month the meeting will be here again. If the Commissioners are interested in doing a tour of another facility, that could be set up, with sensitivity to the Open Public Meeting aspect of it. But we can begin to do that too. The Director is certain that any of the Tribal gaming operations around here would be happy to see the Commissioners.

Commissioner Gray asked if that was something the Commissioners would be interested in.

Commissioner Stearns and Commissioner Amos both indicated they would like to attend.

Chair Amos commented that when he was first appointed back in 2008, he was invited to go an agent to Muckleshoot. Then to a house-banked card room

Chair Amos stated he has been to several of those. Northern Quest is very nice. But again, with the Kalispel's, and then the Spokane's who don't have one and they're in a battle to get one -- and I'm not sure how that battle is going right now.

Director Trujillo commented that may be a factor in deciding whether or not to come with Assistant Director Lies and Director Trujillo. The meeting may or may not be on-site, but it would generally be with the Gaming Commission, or the Tribal Chair, or a policy setting person rather than an operations person.

Director Trujillo continued that he encourages the Commissioners to share time with the agents.

Commissioner Simpson: stated that Assistant Director Lies had offered that several times. If he is sent a list of dates, then he will tend to try and look at it and see when he can do it, because he is interested.

Commissioner Gray shared that she had the opportunity to go to the Kalispel facility and two house-banked card rooms, and it was really informative. But that was two plus years ago. It would be nice to have the opportunity to sit down with some of the policy people, or the Chair to listen to the discussion would be really helpful too.

Ms. Hunter addressed Commissioner Gray, saying she wanted to also let the Commissioners know about Hawks Prairie Casino, a house-banked card room in Lacey. They have been very helpful the last couple of years with legislative tours. That's the card room that is typically used because it's the only one that is close and they also have off-track betting, so it gives an idea for those not familiar with that.

It is possible that the Commissioners might end up where only two of you would be able to make something due to the Open Public Meetings Act, based purely on your schedules and nothing else. So I just wanted to point that out.

Commissioner Simpson said that if two people had already signed up, that would be okay, He would try next time.

Ms. Hunter suggested another possibility would be to have two Commissioners to go to a house-banked card room, two go to a Tribal casino and then you among yourselves get an opportunity to share it.

Commissioner Stearns commented that two people visit Hawks Prairie and two people go to Red Wind.

Ms. Hunter said that's exactly what she is saying.

Commissioner Stearns suggested that they come back and switch.

Commissioner Gray: And the other one goes shopping.

Ms. Hunter: It has to be more complicated than that. I would like to escort that Commissioner.

Commissioner Gray Asked if there were any other comments about Tribal or running the Commission business.

Commissioner Stearns asked if there is feedback from the petitioners, or the attorney general, on how the Commission handles the hearings. Are they doing a good job? Is the Commission following the law?

AAG Castillo stated she can say yes.

Commissioner Stearns: clarified by saying he didn't know if there's room for feedback on that because that is a good part of what this Commission does.

Commissioner Gray commented holding these Commission meetings, is the Commission perceived as being up-to-date, as being prepared, and responding appropriately, efficiently and effectively.

Commissioner Stearns stated in a timely manner.

Commissioner Gray asked AAG Castillo if those kinds of questions were to be put on an agenda for discussion with the public who shows up, would that be appropriate.

AAG Castillo responded that in terms of feedback, absolutely. Obviously the Commission has the authority under the Gambling Act, and has certain obligations. But is the Commission listening to the petitioners, is the feedback that the Commission is getting at the actual administrative hearings, and that process is definitely something the agency can take the pulse of.

Commissioner Gray asked how that might be done. That's part of knowing if the Commission is doing a good job. Should it be at a public meeting that held at one of the monthly meetings?

Commissioner Simpson commented that he was trying to put himself in the position of someone that might come to one of these meetings. It seems like more of an anonymous feedback loop for them would be easier than standing up and providing direct feedback.

Commissioner Stearns agreed that doesn't seem like a good thing.

Commissioner Gray asked for comments from the public.

Ms. Chiechi replied that she is making notes on everything so she can speak to a lot of stuff. She concurs with what Commissioner Simpson said; feedback is not going to have the honesty back at the podium as if it were anonymously.

Ms. Hunter added that it has been discussed to ask the person who didn't prevail for feedback. There are ways to do that. It would be easy enough with yesterday's petitioners, Mr. Kneitel, Mr. Berven, and Ms. Mullins. A month afterwards they could be sent a questionnaire and asked, if they felt they were treated professionally. Some of that isn't based on the outcome. It's not a matter of win or lose, it's asking if you are for internet gambling or against. There are other ways that the question can be asked. Ms. Hunter agreed that if people stand up at the podium the feedback would include the good but not necessarily the bad.

Commissioner Gray recapped that the Commission should put together a feedback form that could be administered after petitioners or licensees come before the Commission. The questions could be brought to a Commission meeting, and then added to.

Commissioner Simpson stated that he thinks that is part of it. He would also like to off the opportunity for people to provide meaningful anonymous feedback well because those would be identifiable as petitioners in a certain situation. For people to be able to give their honest opinion about without fearing that they've jeopardized themselves in any way would be great.

Director Trujillo commented that looking back at what has been discussed today and in October, there are various pieces that fit really naturally with one another. It may not be as many projects as it sounds like it's going to be.

Commissioner Gray asked if there were any comments on conducting the business of the Commission. There were none.

5. Legislative Reports

Commissioner Gray stated there are two topics left. The question really is that the RCW requires that there be certain reports that go to the legislature. She asked if it is time to check in with the legislature to see if the reporting that is done by the Commission meets their needs. The second question is whether or not to share the strategic questions and discussion with the legislature.

Commissioner Simpson commented that there are various ways that the legislature has to provide feedback. With the ex-officios sitting here, that's kind of an instant way of providing feedback. And occasionally legislators will draft up legislation to provide feedback as well.

Chair Amos asked like House Bill 1295.

Commissioner Gray suggested that it would be nice to have some input.

Commissioner Gray recapped that she understood in the discussion that the Commission would write up what was discussed, and make sure that that discussion goes on with the ex-officio members, and then ask them if they have other ideas for how to connect with the legislature if at all.

Commissioner Simpson stated that one issue, when Commissioner Simpson was an ex-officio, was with then Representative Conway wanting to be kept more up-to-date on what was going on with the Gambling Commission, what sort of things the Commission was doing. Strengthening that interface may be good.

Ms. Hunter said that it's a little easier than it's been in the past because Senator Hewitt and Senator Conway are on the Commerce and Labor Committee. They will automatically have the ability for that interface. Also with Representative Hurst because he is the Chair of the Government Accountability and Oversight Committee. On the financial side of it, Representative Chandler is the ranking minority member on Appropriations. So that makes it easier.

Commissioner Simpson agreed.

Commissioner Gray acknowledged Ms. Hunter spending time with different legislators, making appointments, informing them, asking questions. She asked Ms. Hunter if she ever needs Commissioners with her.

Ms. Hunter replied that it was very helpful when Commissioner Amos was able to join her for a couple of meetings that in Yakima with legislators. I think just the fact that all of the Commissioners are willing to do that, says that it won't be a bother if asked if you know a particular person. Commissioner Simpson has helped on a couple of things this session because the Commissioner knows a couple of people. Ms. Hunter feels that can call any of the Commissioners to meet with somebody. She offered to let the Commissioners know when of all of those appointments are. Just knowing the Commissioners are there as a resource is helpful.

Commissioner Gray stated that it appears all of the Commissioners are willing to work with Ms. Hunter as needed.

Commissioner Simpson stated he did not want to know about all of Ms. Hunter's meetings. But he does want to know if she needs his help with something.

Commissioner Gray confirmed the notes and ideas will be shared with the ex-officios so we can have that conversation, too. Commissioner Gray asked if there were any other comments about the legislative reports and things like that?

Director Trujillo said the agency may not know anything more until actually connecting with the ex-officios.

6. Technical Assistance and Training

Commissioner Gray stated that the last topic is Technical Assistance and Training. The question is what do licensees expect from the agency and how can the agency improve technical assistance and training concerning authorized gambling. She would like to add to that question training for Commission members, as well as training for licensees; are there ways to do better, are there ideas for training?

Director Trujillo said this would be one of those areas where the agency does lot of training. It's not an area that the agency seeks compensation for because it's wrapped into the licensee fees. Staff from Field Operations, Tribal Gaming, and Licensing are in the field all the time conducting training. What can be done to continue this or to do better or to balance that with the fact that compensation is not sought?

Commissioner Gray asked for comments.

Chair Amos commented that in regards to the training end of it, shortly after he was appointed he sat in on some training at Great Wolf Lodge. Rick Schulte did training down there. Anybody would be impressed to go down and watch this guy. Some of the training that really caught his eye dealt with house-banked card rooms. Guys that were coming in and using little razor blades to mark cards. It was unbelievable how they picked up on that. Card counters, markers, things like that. Chair Amos attended a full day of training. It was very impressive, very impressive. So that's some training that somebody here on this Commission should see what it's like and what these guys are doing.

Commissioner Gray asked if that is done regularly.

Director Trujillo said it is generally tied to new agent training, both for in-house and other regulatory agencies in Assistant Director Lies' section. Is there any new agent training planned?

Assistant Director Lies stated that the class is offered once a year, usually in the fall. Right now there is no date or location set up. Once that is determined, Assistant Director Lies will make sure it gets to the Commissioners. She also stated that new agent training that is offered is actually a full week. It sounds like the class you attended was the Friday cheat detection class.

Chair Amos confirmed it was.

Assistant Director Lies stated that is the most fun class. That's why it is saved for the end. But there are other topics, and if the Commissioners are interested in just getting parts of that, it could be presented at a meeting.

Commissioner Stearns stated that the Commissioners were talking about next month or the following month at Hawks Prairie or Red Wind, just go to the security area and see that.

Assistant Director Lies explained that the class that we have on cheat detection are videos collected since probably 1992 when the first Tribal casino opened that really zooms in and shows real life instances of people cheating and how they went about it. Walking into a casino and going into the observer's room in surveillance will overwhelm you when first walking in. It isn't likely somebody will be seen cheating just from walking in.

Assistant Director Lies went on to say that the cheating class itself is very concentrated.

Director Trujillo added that what is unique about that particular cheating class is it really focuses on what's happened in Washington operations which really is kind of nice.

Director Trujillo asserted that Assistant Director Lies could share the week long schedule and if there are any particular items of interest, those could be brought here.

Assistant Director Lies agreed.

Commissioner Gray agreed that would be good. She had a question for staff. A lot of training is provided and a lot of training is based on need. Does somebody says there is a need for this, or does the agent decide what is needed?

Director Trujillo referred to Assistant Director Harris.

Assistant Director Harris shared that Field Operations gets requests quite often, so agents go out and provide training. Then in the course of doing inspections it becomes obvious that a nonprofit needs help on internal control type stuff, so an agent provides training to the Board. Last year it was posted on the agency website a list of all the training that field ops provides to the public, to other law enforcement agencies, to other governments that is available upon request. Field ops customizes training, too. Assistant Director Harris said he has been tracking the training provided for the last three years. His unit also does the cyber crimes training and the internet gambling training, which is about three or four times a year, based on need and demand from outside agencies.

Commissioner Gray asked if the training is something that Commission members should know about.

Assistant Director Harris stated a lot of the stuff Field Operations does is specific for the gambling activity, like punchboard/pull-tab training, house-banked card room training for employees. But the cyber crime training, the internet gambling training the Commissioners might find very interesting.

Commissioner Gray commented the internet training and cyber training is what the Commission is going to be faced with.

Assistant Director Harris replied that Rick Herrington and Jim Dibble keep the training current from month-to-month-to-month. Each time something new comes out the training class is updated. It's pretty much an ongoing process.

Commissioner Gray asked how long the training is.

Assistant Director Harris replied that he believes it is about three or four days.

Director Trujillo stated there are a couple different presentations. One could be three, one could be four. If the Commissioners are really interested in it, the first day is recommended because the first day talks about an overview and it's really quite eye-opening. The first day even gets into a little bit of hands-on information.

Commissioner Gray asked if this is something that would be important for all the Commissioners to learn.

Director Trujillo replied sure, in respect of seeing what that group is faced with when it considers how to combat either illegal internet gaming, or how to potentially regulate authorized internet or intra-state gambling, sure.

Commissioner Gray suggested scheduling a time with a one day meeting, and then have the second day be the training piece.

Director Trujillo stated he would defer to AAG Castillo for something like that. He asked AAG Castillo what it would do having the Commissioners present at training.

AAG Castillo replied that they can't take action. Action includes just talking about something in the sense of what the Commission's business is. But if it was simply all the Commissioners being there for a training, that is different because the Commissioners are not taking action or having a discussion that will then affect what the business of the Commission is doing. So that's a different context. It would be good to make the announcement that the Commission is going to be participating in this, but is AAG Castillo's belief that it wouldn't constitute Commission action within that definition.

Commissioner Gray suggested putting the training on the strategic action options to be done in terms of training, along with Julie's listing for the fall training too so that the Commissioners could individually take part in that, and then possibly as a Commission, look at the first day of internet cyber training. **Commissioner Gray** asked if there were any other training and assistance topics the other Commissioners would like to cover.

Commissioner Simpson stated he had served on other Boards and had a role in looking at the senior level staff compensation and making sure that salaries were on par with other like agencies.

Commissioner Simpson stressed that the agency has some great staff and a great Director. It isn't

clear how that all comes together and the Commissioners role in it is. If the Commissioners do have a responsibility, they should take a look at that and advocate appropriately. It is not a responsibility to be neglected.

Director Trujillo shared that the agency has a very experienced HR Director that has worked for several different State agencies. She can provide feedback on what her experience has been at these other agencies and come back to the Commissioners with that information.

Commissioner Gray: agreed that she didn't know the Commissioners roll in the matter

Commissioner Stearns: recalled that when with City of Seattle Commission, there were proposed staff cutbacks because of the budget. The Commissioners had an active role in essentially lobbying the City Council to restore those positions. Commissioner Stearns didn't know if there is something analogous in the State setting.

Director Trujillo commented that it is a question he hadn't heard before and felt it is a good question.

Commissioner Simpson offered an example. He served on the Pension Board and every few years would take a look at the Director's compensation in particular and make some determinations with regard to that. The Board actually conducted evaluations of that person and decided on their salary, within certain parameters that were supplied by State OFM. That was a decision that the Board made. Does the Commission have that same role?

Director Trujillo: stated that the Commissioners do set his salary. But as far as the greater role, he didn't know.

Commissioner Simpson asked if there is a process in place for that.

Director Trujillo said he didn't know.

Commissioner Gray remembered that the Commissioners did set the Directors salary when he was hired.

Director Trujillo commented yes. As far as the ongoing process he didn't know.

Commissioner Simpson said he was curious about the nuts and bolts of the Commissioners responsibilities outside what the RCW says they are responsible for. He also would like to have an understanding of the Commissioners responsibility towards the employees of the organization.

Director Trujillo shared that the agency does demand high qualifications and high performance from enforcement staff. He doesn't feel their compensation is near that of other agencies. There is the financial reality of where the agency is at, which is also part of this other discussion. But that's information that can be brought back and shared as well.

Commissioner Simpson believes it will help the Commissioners get a global picture. We are going to take a look and try to address our fiscal issues. But at the same time, unless we understand these things, then we won't understand the true scope of what other things we are faced with.

Commissioner Gray stated this will be added to the list. She asked if there was anything else. She also asked that notes of the meeting come to her.

Director Trujillo confirmed that what has been discussed will be transcribed and shared with the Commissioners, along with what was done in October.

Director Trujillo shared that the way he envision this happening is this isn't a discussion had in October and it's done with, or a discussion that had this month and it's done with. Staff will come back with information. Because these are not "easy fix" items, the discussions will continue monthly or every other month, and staff will come back with regular status reports because it does help in the operation of the agency

Commissioner Gray said she would like to put a timeframe on that. These are the Commissions homework items, and how to approach them. The Commission could look to May or June to do this or look to August for this.

Commissioner Stearns asked if there will actually be a strategic plan report.

Commissioner Gray stated she is hoping so. Possibly a couple page report.

Director Trujillo said a summary of this will be brought forward. Also within a few months the Commissioners will see the agencies strategic plan which basically has been in the works now for about a year-and-a-half. That will be finalized. But that process was different than this particular discussion. A draft timeline on some of the items will be brought forward to set some time frames, otherwise the can is just kicked down the road over and over again.

Director Trujillo shared that the second public hearing on the Lummi Compact amendment was held this morning at the Senate Commerce and Labor Committee. That was the public meeting. There was no additional feedback for Commission consideration. He then asked Ms. Hunter what the process is.

Ms. Hunter stated there really isn't anything further for the Commission to do. So now it will go over to the Governor's review. From there it would go on to the federal government, and then it gets published in the record.

7. Comments from the Public

Chair Amos said the last thing on the agenda is comments from the public. He asked if there were any comments.

Ms. Chiechi greeted the Commissioners and introduced herself as being with the Recreational Gaming Association. She was overwhelmed and encouraged by all of this discussion. It's wonderful to hear four Commissioners being thoroughly engaged in this process, wanting to share thoughts and ideas, and also listening to the industry and including the industry in some of the measures, outcomes and ideas that being discussed. She has been coming to these meetings for 17 years. In the last eight to 10 months, things have just been phenomenally different, and the RGA is very encouraged by that, not only with the staff, but with the Commissioners. And again, it's very encouraging.

Ms. Chiechi wanted to share her comments on each of the items discussed. She noted that Commissioner Stearns inquired with regard to technology and what are the barriers to technology. It's all political. It's all political, it's all politics. That's the bottom line, end run. That is happening in Olympia in the legislature and around the State. She said she would leave it at that and let the Commissioners take that where they will.

One of the things talked about is the length of time the Commission has been in existence and the Statute that regulates and authorizes its abilities to do what it does. It was written in 1973. At some point we, the RGA and our members, would like the Commission to take a look at a rewrite of the Statute. It is still talking about semaphores and fishing derbies, and that's all in the Statute. It is so archaic and it's really something that if this Commission wanted to take a leadership role in demonstrating to the legislature that the Commission does know what it's doing, that your staff is the one to be able to sit down and look at that Statute and ask why is this even in there. That's not done anymore.

Ms. Chiechi commented that it is something that their industry would love to see happen. They would love to say they will rewrite it and present it, but it would be much better received if it came from the agency that is following that Statute and being held accountable to the parameters that are in it.

She was not going to talk about the decline of the card rooms specifically because she appreciates the opportunity that they may have in the future to come forward with more information. They've done three economic studies. 1999 was the first one, and then they did two more studies four or five years ago. So they do have some of that information. While some of it may be outdated at this point, they can certainly bring some of those new numbers and figures up to the Commission, and welcome that opportunity to be on a future agenda to do that.

Ms. Chiechi appreciates the staff talking about some of the cost savings that could be realized by the industry through help by the Gambling Commission staff. The auditing financial records discussion is one that RGA brought forward, and RGA hope that all can come to some agreement about what that looks like to cut some of the expenses for the members that are struggling. As you said Commissioner Gray, are they surviving? Well, some of the card rooms are doing quite well. Others are keeping the doors open just by way of not going home at night because the owners are washing the toilets, and doing the accounting, and everything it takes to keep the operation going. It is appreciated that staff is willing to sit down with the RGA and look at some of the WAC rules. The industry has been in

business for over 15 years now, so we kind of know what we're doing. There's good, there's bad, and there's ugly out there. But let's allow the good to do what they know how to do, help the bad along, and then really pay attention to the ugly that may be out there.

Ms. Chiechi stated that one of the things the Commissioners may not realize is the industry is taxed on the gross, which is before expenses. So when paying a 20% tax, which is the most a jurisdiction can charge, that amount is paid before paying employees, before paying gambling related expenses. That's unique in that other gambling taxes have an option at the local level to be either net or the gross. For example pull-tabs can be taxed on the net or on the gross. It's up to that local jurisdiction. When card rooms existed in the early days of the poker rooms where a rake was collected, 2 bucks a chair, or \$1 per half-hour of play, the house could pay 20% on that because it wasn't making that much money. But now there is higher overhead, higher expenses, 20% of the gross -- and the average is about 10%, so cut that in half, it's still a good chunk of money. Add in B&O, and federal taxes, and employment taxes, and all of that. The bottom line is hit pretty extremely.

Ms. Chiechi encouraged the Commissioners to invite other licensees, the pull-tab industry, the bingo operators, and hear their stories as well. Card rooms are the ones that can afford to pay Ms. Chiechi to come to meetings every month. The bingo industry are running games and supporting charities. The bingo industry doesn't have someone to be able to come and listen. Ms Chiechi will call Ric Newgard or Clyde Bock and share what the Commission is doing, and suggests coming to the next meeting and be informed about it. She wants them to tell their story as well. It's important.

In the financial hit that the agency may be foreseeing in the coming five years, she was reviewing the minutes from the October 9th meeting where Mr. Durkan representing the Muckleshoot Tribe alluded to the fact that the Tribal negotiations for new Compacts may impact the agencies bottom line by way of the co-regulatory aspect. The Tribes may be coming to the table and saying you have a lesser role. We've got this, we've been doing it for a number of years and so we don't need you as much as we did. So guess what? We don't need you means we don't have that expense, and you don't have that income. Now I'm just speaking from what he stated in the public meeting. I have no other reference for that other than that may be something that the staff needs to take a look at; what does that future mean for Tribal regulations and the decline in the card room industry, the pull-tab industry, and the bingo industry.

As far as problem gambling, that's an issue that's near and dear to Ms. Chiechi's heart. She's been involved in it since she worked for this industry, and is encouraged that the Commission again is interested in that topic. It impacts a lot of people. It's a small percentage, but those that it impacts, it makes things really difficult. It's a really difficult issue. March is Problem Gambling Awareness Month where Maureen and the advisory committee may come and present the issues. The Commission may want to add to their trainings a problem gambling awareness training, or agents, or something to that effect, so you have an hour's worth of knowledge about what is a problem gambler; what does that mean; what does it look like; how does it impact families; what's the trickle-down effect. That may be worthwhile to add to your training list.

Ms. Chiechi continued that as far as surveys and customer satisfaction, Commissioner Simpson hit the nail on the head. RGA members are not going to stand at the podium and say the Commission sucks. They're just not. And she gets it. She understands why this agent's just horrible. She would call Assistant Director Harris, but no, because if it trickles back to the agent, then it might be even more horrible. There are those instances, and there's fewer of those instances than there were in the past. But there's still those agents that pack a gun and they feel like they're the go-get-'em guy, and they go and get 'em and go after them, as opposed to more of a symbiotic let us help the licensee do the right thing rather than gotcha. That's subsided a bit, but there's still a handful of those folks out there that are treating their licensees in that manner. Ms. Chiechi is not going to tell where the region is because of retribution. There is certainly concern about that.

As Ms. Chiechi mentioned, there's a need for those operators who still are struggling to know how to do it and what the internal controls mean. But there are also operators that know what they're doing. Those operators come with years of experience in casino gaming and don't need to be looked over the shoulder and managed by the agent as regularly as they are. She spoke with Director Trujillo and Assistant Director Harris about this. They know who those people are. She absolutely wants the agents in the doors of the people that are doing the wrong thing. But let's back off a little bit on the people that know what they're doing.

As far as the meetings in licensed facilities, she thinks that could be very problematic. The first thing to come to mind is ending up with some of our members have a facility where the Commission could meet and others don't, and end up with this favoritism perception, as Commissioner Simpson alluded to. She loves the idea of tours and would happy to help with that. There are members that are willing to let the Commissioners in the surveillance room to show what the Statute and what the WACs require they do to watch the games. There are checks and balances all across the board. Ms. Chiechi would welcome that opportunity any time. She said that is something that in the past hasn't been real available. The Commission's stand has been to have the agents take the Commissioners through, and then licensee doesn't get to play a role in that. That opportunity would be welcomed.

Ms. Chiechi stated that as far as the ex-officio roles, she has been meeting with the ex-officios and encouraging them to attend the meetings. It's not just an ex-officio and a title that they can say 'I'm an ex-officio on the Commission but I never go.' Commissioner Prentice is a great example. She rarely missed a meeting. When she got in front of that Senate Committee, she knew what she was talking about. Ms. Chiechi said that was very refreshing. She continued that it's important. It's important for the Commissioners to know what the legislature's thinking, and it's also important for the legislature to bring that message back to the caucuses and let them know what the Commission is thinking and what is being done. When ex-officios don't attend the signal gets lost, and the message gets translated incorrectly. And pretty soon the agency is out of control, gambling is expanding, and then it's like "Where did that happen, where was I because I have not been here for that."

Ms. Chiechi went on to say that in regard to the legislature, she thinks the Commission can take more of a pro-active role in making presentations. Don't wait to be invited. At the work session that took place, she was the squeaky wheel and said the Commission needs to educate its members. The RGA

has been talking to the Chair of that committee for two years, and Wednesday the RGA got it. The RGA got the work session. They invited the whole industry. They got a perspective of each of those agencies, as well as the industry that's private and Tribal. And Ms. Chiechi guarantees those legislators walked away with more knowledge than they had in the last four years that Ms. Hunter indicated was the last time the legislature heard from the RGA. Ms. Chiechi thinks the agency can take pro-active positions in showing the legislature that the agency knows what it's doing. And the agency has been here long enough to give the legislature some guidance. She knows the agency also wants some guidance, but she thinks the legislature is looking to the agency for some leadership.

Trainings; it was a joke early in Ms. Chiechi's job here that someone is qualified to be a Commissioner if they don't know what a pull-tab is. And now the Commissioners are expected to know what Mini-Bac is, what a pull-tab is, how bingo is played. And the fact that the Commissioners are interested to know that is great. The industry is excited about that, and offers the opportunity to help with the trainings, to help with each game. She has talked to Director Trujillo about a game of the month, or a game of the quarter. Everybody learned something on that Mini-Bac training yesterday that they didn't know. These are the games the Commission is regulating. The Commissioners have been appointed to regulate games that they may not understand. It's okay to ask the stupid questions and be the person that wants to understand. The RGA appreciates that that's what the Commissioners want to do.

Ms. Chiechi went on to say that pull-tabs are another one. The Commissioners don't have any concept, nor does she, of the tracking that pull-tabs require. What is required by this Commission, how long the licensees have to keep a dead game, how they have to mark off the flares, and how those are even run. That may be another opportunity for training is how are pull-tabs played. Playing paper pull-tabs, paper cards, paper bingo, she could go into the technology aspect, but the Commission already knows what our industry is seeking. The industry would love to have technology. It's what is today. We live with Microsoft and Costco in our State. The last she wants leave you with is "We're playing Pong in a Wii world." The industry is ready to be into new advancements in technology. That's the challenge with the legislature, it's not something the Commission can do. When petitions come before the Commission, hopefully they keep an open mind to file them for further discussion and have that dialogue over a three month period. It's a great process. It's more extensive than even the legislature because the Commission has more time to delve into it. The staff is fully educated and aware of the issues that bring those things to the Commissions attention. The legislature has thousands of issues; staff spends this amount of time, and the legislators have 10 minutes for a Bill and then vote.

Ms. Chiechi is very encouraged by this process. She appreciates the time to be able to speak to the Commission and wished them all a good weekend and thanked the Commissioners.

Chair Amos, Commissioner Gray, and Commissioner Stearns thanked Ms. Chiechi.

Commissioner Stearns stated he had to leave to go to the House.

Chair Amos dismissed Commissioner Stearns.

Mr. Monty Harmon addressed the Commissioners and introduced himself as being with the Evergreen Gaming Corporation who has four card rooms in the State. He appreciates the Commissions interest in learning the industry. Mr. Harmon offered to personally to give the Commissioners a tour of the facilities any time. Just call and Mr. Harmon will make that available, just to sit down and talk and help bring everybody up to speed.

Mr. Harmon asked Commissioner Amos to repeat another session. The institutional knowledge that can be retained with Commissioners continuing on. It would be a blessing to have you along, and of course it's been a pleasure working with you over the years.

Chair Amos thanked Mr. Harmon.

Mr. Harmon explained that with technical advances, we have virtual cards. He asked what are the possibilities of virtual chips? He encouraged the Commissioners to hopefully review the RCW. As card rooms are entitled to have card games, social card games. If that was the focus, the actual cards have already been turned into a virtual card by our rules. To look at the industry not change the face of the industry, not look at technical advancements as expansions of gambling, but to look at the State as a whole. In that sense, card rooms might last a little longer. Perhaps continue to fund this agency. Those funds would pay for the illegal gaming and other things. The industry pays into the problem gambling, as well as into the State. It's an industry worth retaining and also keeping these activities under this regulatory body, which is a good thing as well. People will gamble. It is not in the interest of card rooms to have people be problem gamblers and to blow their brains out on losing a lot of money. That's not going to help sustain an industry. Card room owners are not looking to do that. That does happen on occasion, and the industry supports the problem gamblers issue.

Mr. Harmon shared that he is a CPA. He tries to be a responsible citizen and a good licensee. He appreciates staff and their professionalism. Commission staff was at a recent fraud training conference for CPAs. Several staff members were there. Microsoft came in and talked about the internet and the losses they suffer as a result of the pirating of their games, and their customers, or people, stealing licenses to the Microsoft products, and how they trace and track in order to pursue these thieves. It's very difficult to find some of them because of the way they can re-route their messages. There's a way to measure the amount of time it takes for a signal to go back and forth, and that's part of the technology. Commission staff is there, and they are educating themselves.

Mr. Harmon wanted to thank Dave very much, for his leadership, the professionalism of Commission staff and agency. And as a former employee of the Gambling Commission, Mr. Harmon thinks Dave is doing a great job.

Director Trujillo, Commissioner Gray, Commissioner Simpson, and Chair Amos thanked Mr. Harmon.

Mr. Len Libin addressed the Commissioners and staff and introduced himself. He stated he is actually from Vancouver, but the Canadian one. He is involved in Evergreen Gaming, as Monty is. He shared three points. He commented that this was one of the better meetings he has attended. He shared that he really appreciates the fact that the Commission makes this part of the meeting public, although the Commission is pretty safe in doing that, given the numbers that were here. Mr Libin quite enjoyed it.

Number two, if it's not actually the Commission mandate to know gaming and what takes place in the casinos, he thinks the Commissioners should make it their personal mandate to do that. The fact that the Commission is discussing it today, and the prospect of going to the casinos and learning about it, is absolutely paramount.

Mr. Libin said the third point may be the most important to him, the fact that what he heard here was a concern about the dwindling number of house-banked card rooms. More important, the staff that's lost, the employees that are lost in that. He was happy to hear that it's a concern, which it should be. And hopefully something along the way can be addressed. How is that for brief? Thank you.

Commissioner Gray, and Chair Amos thanked Mr. Libin.

Commissioner Simpson thanked Commissioner Gray for facilitating the meeting.

Chair Amos concurred and stated he felt it was definitely worthwhile.

Commissioner Gray said it was fun.

Commissioner Simpson stated he thinks it is nice to have the talent in-house to be able to do this.

Chair Amos asked if anybody else had anything to say.

Nobody had anything else to say

Chair Amos adjourned the meeting.

Minutes by:
Hollie Arrona
Administrative Assistant